

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF)	
COLUMBIA GAS OF KENTUCKY, INC.)	CASE NO. 10201

O R D E R

On November 10, 1988, Columbia Gas of Kentucky, Inc. ("Columbia"), filed an Application for Rehearing or Reconsideration. The issues raised in the application are: the exclusion from rate base of certain prepaid nominated gas balances and the construction work in progress accrual; the calculation of accumulated depreciation and customer advances in rate base; the exclusion from test year expenses of the known and measurable post-test year wage adjustment, the federal income tax on unbilled revenues, and the arrearages of wholesale customers; the miscalculation of depreciation expense; and the directive concerning the change in accounting practices necessary to perform an accurate zero-intercept cost allocation study.

The Attorney General, by and through his Utility and Rate Intervention Division, ("AG") filed a Response to Petition for Rehearing on November 23, 1988. It opposes granting rehearing on any issues.

The Commission acknowledges the transposition error which resulted in Columbia's rate base being understated by \$540,000. Correction of this error, based on the overall rate of return of

10.7 percent and the tax gross-up factor of 1.633586 (applied to the equity component of the additional return), increases Columbia's revenue requirement by \$80,225. If Columbia desires to adjust its rates at this time to reflect this increase, it should so notify the Commission. Absent such notification, the Commission will infer that Columbia chooses to defer this adjustment of rates until the time when a final decision is rendered on all rehearing issues.

A review of the Application indicates that there are sufficient issues raised which should be reheard. The Commission finds that rehearing should be granted on all issues discussed in the Application.

The Commission further finds that Columbia should file its testimony no later than December 22, 1988.

IT IS THEREFORE ORDERED that rehearing is granted and that Columbia shall file its testimony no later than December 22, 1988.

Done at Frankfort, Kentucky, this 30th day of November, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Leman, Jr.
Chairman

Robert M. Davis
Vice Chairman

James H. Williams
Commissioner

ATTEST:

Executive Director